

Message Text

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ACTION L-03

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E.O. 11652: N/A
TAGS: EINV, HO
SUBJECT: UNITED BRANDS EXPROPRIATION CASE - COMPANY PRESENTS
PROPOSAL

REF: (A) TEGUCIGALPA 1068, (B) TEGUCIGALPA 1308

SUMMARY: UNITED BRANDS (UB) OFFICERS VISITED MARCH 14 TO PRESENT A PROPOSED SETTLEMENT IN PENDING LAND EXPROPRIATION CASE. A MOVE BY THE AGRARIAN REFORM INSTITUTE DIRECTOR TO PREEMPT NEGOTIATED SOLUTION EARLIER IN MARCH CONTRIBUTED TO HIS DEMISE ON THE EVE OF THEIR ARRIVAL. GOH CABINET OFFICERS TO WHOM PROPOSAL THEN PRESENTED AGREED TO INVITE UB OFFICERS BACK FOR CONTINUING TALKS FOLLOWING STUDY OF PROPOSAL. IN ITS PROPOSED SETTLEMENT UB OFFERS TO CEDE UP TO HALF OF ITS LAND HOLDINGS (FOR COMPENSATION) BUT STRESSES NEED TO RETAIN FLOOD CONTROL AND SPILLWAY LANDS ESSENTIAL TO PROTECTION OF BANANA AND OIL PALM PLANTATIONS.

1. GROUP OF UNITED BRANDS (UB) OFFICERS' LED BY WILLIAM MATHERS, EXECUTIVE VICE PRESIDENT, VISITED MARCH 14-16 TO PRESENT COMPREHENSIVE PROPOSAL FOR NEGOTIATING SETTLEMENT OF DIFFERENCES WITH GOH ARISING FROM AGRARIAN REFORM INSTITUTE (INA) EXPROPRIATION DECREES OF DECEMBER 1976. THESE DECREES IDENTIFIED 85,000 ACRES OF UB LAND FOR TAKEOVER. UB OFFICERS HAD PLANNED TO MEET

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WITH INA DIRECTOR RIGOBERTO SANDOVAL COREA, 9 AM MARCH 15 TO PRESENT AND DISCUSS PROPOSAL. HOWEVER, DEMISE OF SANDOVAL PRECEDING AFTERNOON (REPORTED REFTEL B) PROMPTED THEM TO TRY TO MEET WITH NEW AGRICULTURAL POLICY COORDINATING COMMITTEE, WITH MEMBERS OF WHICH THEY HAD PREVIOUSLY DISCUSSED INA EXPROPRIATION.

2. MATHERS GROUP PRESENTED UB PROPOSAL AFTERNOON MARCH 16 IN

MEETING WITH PLANNING DIRECTOR ARTURO CORLETO, RAFAEL LEONARDO CALLEJAS, MINISTER OF NATURAL RESOURCES AND SENIOR INA ENGINEER. (CORLETO ALSO IS CHAIRMAN OF NEW AGRICULTURAL POLICY COMMITTEE.) ACCOMPANYING PROPOSAL WAS LIST OF UB LANDS, OUTLINE OF ORIGINS OF OWNERSHIP, PRESENT STATUS AND USES. MULTICOLOR MAPS ALSO SUBMITTED DEPICTING STATUS OF ALL UB LANDS (ABOUT 140,000 ACRES). IN BRIEF DISCUSSION WHICH FOLLOWED UB PRESENTATION IT WAS AGREED THAT GOH OFFICERS WOULD STUDY PROPOSAL AND INVITE COMPANY REPRESENTATIVES BACK ON OR BEFORE MARCH 31 FOR FURTHER TALKS.

3. IN SHORT, PROPOSAL NOTES THAT WHILE UB NOT OPPOSED TO APPLICATION OF AGRARIAN REFORM LAW, IT WISHED TO PROTECT ITS RIGHTS FROM CERTAIN PROVISIONS OF EXPROPRIATION DECREES AND TO SETTLE DIFFERENCES BY MEANS OF DISCUSSIONS WITH GOH WITHOUT RECOURSE TO LITIGATION. IT PROPOSES TREATMENT OF LAND EMPLOYED IN SPILLWAYS, FLOODWAYS AS NECESSARY EXTENSIONS OF LAND UNDER BANANA AND OIL PALM CULTIVATION WHICH NOT SUBJECT TO EXPROPRIATION. IT SUGGESTS ALSO EXEMPTING FLORICULTURE LANDS ON BASIS OF THEIR SOCIAL AND ECONOMIC IMPORTANCE TO COUNTRY. A PERIOD OF TWO YEARS IS REQUESTED FOR DISPOSAL UB CATTLE HERDS TO AVOID LOSSES WHICH COULD RESULT FROM DISTRESS SALE, AFTER WHICH PASTURE LANDS (ABOUT 24,300 ACRES) WOULD BE AVAILABLE FOR TRANSFER TO INA WITH COMPENSATION; CERTAIN LAND ACQUIRED UNDER 1912 CONCESSION WOULD ALSO BE AVAILABLE FOR PURCHASE, BUT UB REQUESTS OPTION TO ACQUIRE HALF INTEREST IN ANY PLANT ESTABLISHED TO PROCESS OIL FROM AFRICAN PALM GROWN THEREON. EMPLOYEE RECREATION SITES, LANDING FIELDS, ROADS AND HOUSING AREAS WOULD BE EXEMPT. (SOME OF LATTER ARE COMMITTED TO EMPLOYEES IN COLLECTIVE BARGAINING CONTRACT.) OTHER LAND NOT IN USE (ABOUT LIMITED OFFICIAL USE

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22,000 ACRES) IS OFFERED TO INA SUBJECT TO PAYMENT OF FULL VALUE. PROPOSAL WAS OFFERED AS ALTERNATIVE TO DECEMBER 1976 EXPROPRIATION DECREES.

4. IN REVIEWING PROPOSAL WITH AMBASSADOR BECKER, MR. MATHERS EXPRESSED HOPE THAT IT COULD SERVE AS A BASIS FOR SETTLEMENT IN LIEU OF PENDING EXPROPRIATION DECREES. AGREEMENT WOULD THEN ONLY REQUIRE SIGNATURES OF CHIEF OF STATE AND APPROPRIATE MINISTERS AND CONCURRENCE BY LEGISLATIVE COUNCIL. ON OTHER HAND NEGOTIATION ON BASIS OF DECEMBER DECREES COULD BOG DOWN DUE TO THEIR LENGTH, COMPLEXITY AND ERRORS IN SUBSTANCE AND LAW. UB DESIRES AVOID LITIGATION WHICH, IN VIEW OF ABOVE, COULD RESULT FROM ATTEMPT TO PROMULGATE THE DECREES, AND BECAUSE COMPLICATIONS COULD ARISE FOR OTHER PENDING MATTERS OUTSIDE OF DECREES. MATHERS SAID UB ALSO HOPEFUL THAT AN AGREEMENT CAN BE REACHED AMICABLY WHICH FINALLY SETTLES QUESTIONS OF ITS LAND HOLDINGS AND STATUS IN HONDURAS AND WHICH COULD CLEAR AIR FOR CONTINUING AND IMPROVED OPERATIONS IN COUNTRY.

5. COMMENT: WITH PRESENTATION OF UB PROPOSAL IT SHOULD BE POSSIBLE TO CONDUCT MORE MEANINGFUL NEGOTIATIONS. PROPOSAL IS CONCISE YET COMPREHENSIVE AND WELL-FOCUSED ON MAIN ISSUES. IT WOULD SEEM TO FACILITATE NEGOTIATIONS TO USE IT AS BASIS OF TALKS INSTEAD OF THE MORE CUMBERSOME EXPROPRIATION DECREES. FACT THAT GOH DID NOT SUPPORT SANDOVAL IN HIS LAST-MINUTE EFFORT TO PROCEED WITH IMPLEMENTATION OF DECREES IN EARLY MARCH DESPITE ANTICIPATED ARRIVAL OF UB NEGOTIATORS IN MID-MONTH INDICATES UB WILL BE GIVEN GREATER OPPORTUNITY TO MAKE ITS CASE. IT IS POSSIBLE THAT SANDOVAL'S ATTEMPT AT CONFRONTATION, AND HIS RESIGNATION ON EVE OF UB NEGOTIATORS' ARRIVAL WERE ILL-CONCEALED EFFORTS TO CREATE CAUSE CELEBRE OF UB EXPROPRIATION. THEY SEEM AIMED MORE AT MARTYRDOM FOR HIMSELF THAN AT RECOVERING WANING SUPPORT FROM PEASANT ORGANIZATIONS.
BECKER

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